

Managing Risk

Ex-Im Bank takes very seriously its responsibility to be a prudent steward of taxpayer dollars in providing export credit that is backed by the full faith and credit of the U.S. government.

To ensure that the Bank adheres to the highest standards, we provide prudent oversight and due diligence to protect taxpayers through our comprehensive risk-management framework.

Every year, Ex-Im Bank provide Congress with quarterly reports on our default rate. As evidence of the success of the Bank's risk-management activities, Ex-Im's overall active default rate for the last quarter of FY 2013 was **0.237 percent**.

This active default rate reflects the total amount of required payments that are overdue (claims paid on guarantees and insurance transactions plus loans that are past due) divided by the total amount of financing involved (disbursements). The default rate is the result of the Bank's relatively few defaults coupled with high recovery rates (i.e., 50 cents on the dollar since 1992) on those credits that enter default.

**EX-IM'S OVERALL ACTIVE DEFAULT RATE
IN THE LAST QUARTER OF FY 2013 WAS
BELOW 0.24 PERCENT.**

Ex-Im's risk management framework begins with effective underwriting to ensure, as the Bank's congressional charter requires, "a reasonable assurance of repayment." All transactions under consideration for the Bank's financing must indicate a sufficient source of repayment.

The risk-management program includes detailed documentation to ensure the Bank's rights are protected legally and that the transaction is not in violation of any U.S. government policy.

A comprehensive risk-management framework with strong emphasis on continuous improvement minimizes claims and defaults. Prudent risk management continues after transactions are approved through proactive monitoring efforts to minimize defaults. The Bank engages in robust portfolio management, as well as in oversight and governance, including the setting aside of adequate loan-loss reserves.

To further strengthen our risk-management program, in FY 2013 Ex-Im Bank announced that a chief risk officer would be added to our senior management team. In December 2013, the Bank named Charles J. Hall to serve as executive vice president and chief risk officer.

Although Ex-Im Bank is always looking for ways to assist American exporters in closing a sale, we go to great lengths to ensure that we are not taking undue risks and that the credits extended by the Bank result in solid performance for U.S. exporters *and* taxpayers.